Directives regarding Treasury Management LEX 5.7.3

of 14 June 2010, status as at 15 October 2025

The Direction of the Ecole polytechnique fédérale de Lausanne,

hereby adopts the following:

Chapter 1 Subject matter, scope and regulatory framework

Article 1 Objectives and scope of application

1 This Directive defines the principles applicable to all treasury management activities at EPFL. It provides the framework to ensure regulatory compliance and align management decisions with the institution's overall strategy.

2 'Treasury management' refers to all cash and financial assets managed by the Vice-Presidency for Finance (VPF), in order to ensure that financial resources are managed in a compliant and controlled manner.

3 EPFL's affiliated or partner entities (foundations, companies or associated institutes) do not fall within the scope of this Directive, unless their governing bodies explicitly decide otherwise.

Article 2 Regulatory references

Treasury management at EPFL is based on the following regulations, in their most recent version:

1 **Treasury management agreement between the Federal Finance Administration (FFA) and the ETH Board** (hereinafter ***Treasury Management Agreement***) – version of 2021
This Agreement defines how funds are classified according to their origin, as well as the manner in which they are held and managed.

2 **Directives de placement du Conseil des EPF (Investment Guidelines of the ETH Board)** – version of 2021
These guidelines provide a framework for permitted asset classes, diversification rules, risk capacity and sustainability requirements.

3 **Socially Responsible Investment Charter** – version of 2023
This document, approved by the Direction, formalises EPFL's commitments to sustainability of its investments.

These documents are available on Polylex and on the EPFL website.

Chapter 2 Principles of treasury management

Article 3 General principles

The objectives of treasury management are as follows:

1 to ensure EPFL's ability to make payments at all times (solvency);
2 to ensure the responsible and efficient use of public funds;
3 to seek a balanced return, without any speculative risk-taking;

4 to comply with regulatory requirements and ensure full traceability of decisions, enabling auditable monitoring and control.

Article 4 Risk management and investment criteria

The management of available cash resources is governed by a set of prudential rules aimed at limiting exposure to financial risks:

1 a maximum risk capacity is defined based on the risk model as defined in the guidelines of the ETH Board;

2 the investments must comply with strict criteria for diversification, quality of consideration and sustainability as defined in the Investment Guidelines of the ETH Board and the Socially Responsible Investment Charter.

Chapter 3 Treasury management planning

Article 5 Link to the financial plan

1 The multi-year financial plan approved by the Direction as well as the budget forecasts for the current and future years are the reference for planning the use of cash and guiding investment decisions.

2 Cashflow forecasts, liquidity requirements and timeframes for the use of funds are reassessed as part of the annual budget process in order to determine short-, medium- and long-term investment capacities.

Article 6 Planning horizons

Planning covers the entirety of treasury management and is carried out at three complementary intervals:

1 **Weekly planning**: detailed cash flow projection over the next four weeks, updated weekly. It is based on the most accurate and up-to-date information available in order to ensure the solvency of the institution at all times and to fine-tune the operating flows in the very short term.

2 **Quarterly planning**: a consolidated estimate of cash flows for the current year and the following year (N+1), revised quarterly. It is based on budgetary planning and aims to anticipate liquidity requirements over the medium term.

3 **Annual planning**: long-term projection over a 10-year horizon, updated annually. It is based on the multi-year financial plan and serves to guide long-term strategic fund management decisions. This planning is carried out separately for direct, indirect and other funds.

These three planning horizons make it possible to adjust management decisions, in line with the identified and the available room for manoeuvre.

Chapter 4 Strategic management by fund class

Article 7 Fund class

In accordance with the Treasury Management Agreement, cash holdings are divided into three categories according to their source of financing. This classification determines how they are managed:

1 **Direct funds**
This refers to all funding received from the Confederation.
In accordance with the Treasury Management Agreement, these funds must be invested with the FFA, with the exception of the liquidity threshold required for day-to-day operations, which may be held with banks for the short term. Treasury management ensures that the threshold level is observed strictly and uses the tools available to optimise liquidity remuneration within the defined framework.

2 **Indirect funds**
This refers to research funding from public sources (e.g., the SNSF, the European Commission, Innosuisse, and others).
They must be deposited in full with the FFA.
Treasury management ensures that all indirect funds are deposited with the FFA.

3 **Other funds**
All funds that are not classified in one of the two above categories are available for investment in the financial markets, provided that the risk capacity and sustainability criteria defined in the Investment Guidelines of the ETH Board and the Socially Responsible Investment Charter are observed.

Article 8 Strategic management of other funds

Other funds are subject to an investment strategy, which states that they are to be managed according to three investment horizons:

1 **Cash management** (up to 1 year): conservative management, focused on security and liquidity;

2 **Cashflow matching** (1 to 5 years): investments whose maturities are aligned with identified future needs, in order to cover planned flows, particularly for the financing of major development projects (construction, renovation, equipment, etc.).
The returns earned on these investments are in principle reinjected into the treasury management strategy;

3 **Balanced mandate** (over 5 years): diversified investments with a long-term vision, with a view towards capitalisation. The returns earned on these investments are generally automatically reinvested in the same strategy, unless otherwise decided by the Direction.

The strategic allocation of Other funds between these three components is reviewed and validated annually by the Direction. The management framework (targets, amounts, limits, benchmarks, details per mandate, etc.) is detailed in a operational document of the Vice-Presidency for Finance.

Chapter 5 Governance and responsibilities

The following bodies are involved in the processes associated with treasury management and bear the following responsibilities:

Article 9 The Direction

1 approves the Socially Responsible Investment Charter;
2 approves the overall strategic management of Other funds;
3 approves the distribution between investment categories and their strategic allocation;
4 approves the amount allocated to reserves for value fluctuations;
5 appoints the members of the Investment Committee based on proposals from the Vice President for Finance;
6 approves any exceptional use of cash holdings.

Article 10 The Vice President for Finance (VP Finance)

This person is in charge of the Vice Presidency for Finances (VPF), and:
1 is responsible for implementing treasury management within the framework defined by the Direction;
2 oversees the overall supervision and coordination of the treasury management system;
3 chairs the Investment Committee and communicates its recommendations to the Direction;
4 submits an annual report to the Direction on the results of treasury management and proposes how this cash is to be distributed between the investment categories and how it is to be allocated strategically.

Article 11 The Planning and Treasury Management Department (PLAN)

This operational body is responsible for treasury management and:
1 provides the VP Finance and the Direction with all elements to enable the latter to make decisions;
2 draws up the multi-year financial plan;
3 defines how cash is to be managed in the short, medium and long term, and analyses available liquid assets in order to suggest the most appropriate ways of allocating them;
4 implements the investment strategy approved by the Direction, in collaboration with the Investment Committee, the external expert and the designated managers;
5 ensures that investments, strategic allocation thresholds and risk indicators are monitored, that regulatory and contractual frameworks are observed and that any performance discrepancies are followed up;
6 generates internal and external reports.

Article 12 The Investment Committee

This Committee is chaired by the VP Finance, comprises three to six members appointed by the direction, and:

1 meets at least once per year;
2 offers an expert and independent perspective on the investment strategy;
3 approves the annual report from the external expert;
4 familiarises itself with the proposals made by the Vice Presidency for Finances (VPF), and issues recommendations on strategic orientations, attributions, risk parameters or any other subject falling within the remit of its consultation.

Article 13 The external expert

This expert is appointed by the VP Finance and:

1 provides independent expertise concerning institutional investments;
2 ensure that the practices implemented comply with professional standards, regulatory requirements and the principles of good governance;
3 acts as a second pair of eyes on strategic proposals, management mandates, portfolio yields and market trends;
4 may be invited to attend Investment Committee meetings.

Article 14 Mandated managers

The EPFL may delegate some or all of the management of the Other funds to external wealth managers, selected on the basis of their expertise and their financial soundness.

1 These managers operate within the strict framework of the mandate conferred upon them, and are bound to observe the limits, objectives and criteria defined by EPFL, particularly with regard to risk, expected performance and sustainability.
2 They are supervised by the PLAN Department and submit regular reporting, allowing EPFL to monitor compliance with management constraints and the performance of the managed portfolios.

Chapter 6 Implementation, monitoring, verification and reporting

1 The implementation and monitoring of the treasury management strategy are based on the annual strategy of approving the financial plan, as part of the framework of the budgeting process.

2 This annual review is the opportunity to reassess the distribution between investment categories and how assets are allocated to which category.

3 This annual cycle is complemented by a quarterly follow-up by the PLAN Department, to ensure that short-term management can continue to be adapted on a continual basis and that any need for intervention can be communicated rapidly, particularly if the thresholds set have been exceeded, if there is a significant difference from the strategy or in the event of ongoing under-performance.

4 All of the verification processes associated with this system are incorporated into the matrix of the Internal Control System (ICS).

[5] The investment strategy may exceptionally be revised in the event of substantial changes to the macroeconomic, regulatory or institutional context. Any such revisions will be decided by the Direction.

Chapter 7 Sustainability and responsibility

EPFL incorporates sustainability considerations into all its investment strategies. The investments it carries out comply with the principles laid down in the Socially Responsible Investment Charter, which has been approved by the Direction. This Charter constitutes the benchmark for exclusions, ESG (Environmental, Social and Governance) issues and shareholder commitment.

Chapter 8 Final provisions

Article 15 Repeal and entry into force

This Directive enters into force on 15/10/2025, as version 3.0.
It replaces the previous versions of *Lex 5.7.3 – Directives regarding Treasury Management*, (version 2.0 of 21/11/2021) and the document *Investment strategy and process* (version of 05/12/2023).

On behalf of the EPFL Direction:

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